

**MEMORANDUM FOR WESTERN AREA POWER ADMINISTRATION
ATTN: MR. J. TYLER CARLSON**

**FROM: 56th CES/CEO
13970 W. Lightning Street
Luke AFB AZ 85309-1149**

SUBJECT: Comments on Parker-Davis Project 2008 Marketing Plan

- 1. Luke Air Force Base would like to express its support for Western's proposal to apply Power Marketing Initiative to long-term, firm power contracts, and extend 94% of resources to existing contracts. Luke is a current customer of Parker Davis Project (P-DP).**
- 2. Securing long-term, stable, and inexpensive electricity is vital in meeting Luke's mission requirements as well as its future sustainability. With increased resources devoted to combat terrorism, we have to control our operating costs. In the past, Western's supply of low cost electricity yielded substantial savings to the Air Force. Extension of the current contracts and applying 94% of resources to existing customers will greatly reduce the rate fluctuations associated with the volatile energy market.**
- 3. Thank you for the opportunity to comment on your proposal. Please feel free to contact me for further discussion. My phone number is (623) 856-7244, email address is: thomas.meyers@luke.af.mil.**

**THOMAS P. MEYERS
Deputy Chief, Operations Flight**

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ATTN: MR. J. TYLER CARLSON

FROM: 56th CES/CEO
13970 W. Lightning Street
Luke AFB AZ 85309-1149

SUBJECT: Comments on Parker-Davis Project 2008 Marketing Plan

The staff at the energy office at Luke Air Force Base would like to take this opportunity to express our support for Western's proposal to apply Power Marketing Initiative to long-term, firm power contracts. We also concur with the proposal to apply 94% of resources to existing contracts.

Luke has been purchasing electricity from the Parker-Davis Project for many years. We have been extremely satisfied with the level of customer service, and we could always count on Western for reliable energy at low prices. Terminating this source of low-cost electricity will force us to purchase energy at much higher prices from alternate suppliers. This financial impact may directly reduce our ability to meet Luke's flying requirements.

We are pleased to have this opportunity to comment on the proposal, and look forward to working with Western for many more years. You may reach me at (623) 856-6535, or john.li@luke.af.mil.

JOHN LI
Luke Air Base Energy Manager

MEMORANDUM FOR WESTERN AREA POWER ADMINISTRATION
ATTN: MR. J. TYLER CARLSON

FROM: HQ AFCESA/CESM
139 Barnes Drive Suite 1
Tyndall AFB FL 32403-5319

SUBJECT: Comments on Parker-Davis Project 2008 Marketing Plan

1. The Air Force is pleased to have the opportunity to comment on Western Area Power Administration (Western) marketing of the Parker-Davis Project (PD-P) resources. The Air Force supports the Western proposal to apply the Power Marketing Initiative (PMI) in Subpart C of the Energy Planning and Management Program to the long-term, firm power contracts of the P-DP. The Air Force also supports the Western proposal that 94% of the PD-P resources be applied to the extension of existing contracts and the creation of a resource pool for new customers with the remaining 6% of PD-P resources.
2. The current Firm Electric Service contracts for the PD-P will expire on September 30, 2008. Western is now conducting the Post 2008 remarketing effort for the PD-P. The 1995 Record of Decision for the adoption of the PMI stated that the PMI would be applied on a project specific basis. In PD-P Marketing Initiative Federal Register notice, August 8, 2002, Western requested written comments on the marketing initiative.
3. The Air Force is an existing customer of the PD-P project, purchasing power for use at Luke AFB AZ, Nellis AFB NV, Edwards AFB CA, and March ARB CA. The PD-P power provided by Western supports the goal of the Air Force and Federal government to control operation costs.
4. Western proposes to apply the PMI to the PD-P remarketing effort. This would result in the creation of a 6% pool of resources for allocation to new customers and a 20-year contract extension for existing customers. The Air Force supports the application of the PMI to the PD-P. The PMI was linked to the use of Integrated Resource Plans (IRPs), which have been implemented for the PD-P and the associated PMI should also be applied to the PD-P. The PMI will provide both a contract extension for a majority of the resource for existing customers who rely upon the PD-P in the IRP and a resource for allocation to new customers.

JAMES M. SNOOK, PE
Utility Rates Management Team